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SUBJECT: NEXT STEPS ON ASEAN-U.S. TRADE COOPERATION

1. (SBU) Summary: ASEAN countries are on track to achieve their specific trade-related objectives in time for the November Summit in Singapore, GOS officials told visiting Deputy Assistant U.S. Trade Representative Doug Bell. They expressed confidence that an enhanced trade dispute resolution mechanism will help "enforce" ASEAN's agenda for economic integration. For next steps under the ASEAN-U.S. Trade and Investment Arrangement (TIFA), the GOS asked USTR to conduct an investment survey and to facilitate capacity building initiatives related to intellectual property and competition policy. They cautioned that USTR's desire to begin work on services liberalization is too ambitious for some ASEAN members, but asked for more information about what sectors might be involved. They suggested that in tandem with development of a TIFA work plan, both sides should think about deliverables for the planned U.S.-ASEAN 30th Anniversary Summit Dialogue to be hosted by the President in Texas. DAUSTR Bell also raised ASEAN participation in the Multi-Chip Integrated Circuit Agreement. End summary.

2. (U) DAUSTR Bell focused on ASEAN-U.S. trade cooperation as well as implementation of the U.S.-Singapore Free Trade Agreement (FTA) during his initial visit to Singapore September 11-12. In addition to his discussions with GOS officials from the Ministry for Trade and Industry (MTI), the Ministry for Environment and Water Resources (MEWR), the Infocomm Development Authority (IDA), and the Energy Market Authority (EMA), he also met with Verizon Business, Island Power (Intergen), Citibank, Hewlett Packard, United Parcel Service, the Singapore Association of Pharmaceutical Industries (SAPI), the American Chamber of Commerce, and representatives from intellectual property business associations. His discussions about the FTA are reported septel.

Towards ASEAN Economic Integration

3. (SBU) Ministry of Trade and Industry (MTI) Senior Deputy Director (Trade Division - ASEAN and SEOM) Sulaimah Mahmood told DAUSTR Bell that ASEAN countries are on track after recent meetings in Manila to achieve stated trade-related objectives in time for the November Summit in Singapore. Now that the ASEAN Economic Ministers (AEM) had endorsed the Economic Community blueprint for 2015, ASEAN needs to focus on the four "pillars" that call on members to develop a single market, increase competitiveness, enhance technical awareness and capacity building, and pursue further trade liberalization with ASEAN partners through FTAs and TIFAs.

4. (SBU) Mahmood noted that the Leaders' Declaration at the

November Summit will be legally binding and include timelines and priority areas for 2008-2015. In addition to an Action Plan, ASEAN is considering the use of quarterly updates or "scorecards" to flag areas of difficulty that certain countries might encounter in implementing their trade-related commitments. An enhanced trade dispute resolution mechanism, adopted last year, will help "enforce" the agenda for economic integration, she claimed.

#### Next Steps for the ASEAN-U.S. TIFA

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15. (SBU) On new initiatives under the ASEAN-U.S. Trade and Investment Framework Arrangement (TIFA), Mahmood expressed her hope that USTR would conduct an Investment Survey similar to the kind it had compiled to prepare for implementation of the ASEAN Single Window customs initiative. DAUSTR Bell suggested that an Investment Survey might be an excellent initiative for the TIFA Business Roundtable to work and report on. Mahmood expressed interest in this approach. She also asked USTR to facilitate capacity building to improve ASEAN's awareness about IPR protection and competition policy. DAUSTR Bell said that USTR is willing to consider these proposals.

16. (SBU) In response to USTR's desire to begin work on services liberalization, MTI Deputy Director (Trade Division - ASEAN) Venetta Miranda reiterated concerns conveyed to AUSTR Weisel during her May 2007 visit to Singapore that a services liberalization agenda might be too ambitious for some ASEAN members; they are already operating under a tight deadline to develop a list of targeted barriers before November 2009, she said. Senior Deputy Director Mahmood requested more details about the services sectors USTR thinks should be involved and expressed interest in USTR's help to conduct an "inventory" of services barriers as a way to build capacity in this area.

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17. (SBU) DAUSTR Bell noted that that USTR wants to conclude a work plan with ASEAN's TIFA Council. USTR Schwab's intention to visit Singapore during the November ASEAN Summit offered a good opportunity to set a date for the first TIFA Council meeting and obtain Ministerial agreement on the work plan, he said. Senior Deputy Director Mahmood thought that timing might be too ambitious but acknowledged the need for a work plan; she suggested that late November might work. Mahmood noted that, as both sides develop a TIFA work plan, they should think about deliverables for the planned U.S.- ASEAN 30th Anniversary Summit Dialogue to be hosted by President Bush in Texas.

#### Multi-Chip Integrated Circuit Agreement

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18. (SBU) Mahmood said that Singapore is still considering our request that it join the Multi-Chip Integrated Circuit Agreement. She cautioned that Singapore's participation could be complicated by the lack of other ASEAN signatories. DAUSTR Bell noted that we are approaching this as an ASEAN-wide effort and that we would like to pursue it under the TIFA.

19. (U) DAUSTR Bell cleared this message.

SHIELDS